

105TH CONGRESS
2D SESSION

H. R. 3479

To provide for the implementation of recommendations of the National Commission on the Cost of Higher Education, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 17, 1998

Mr. McKEON (for himself, Mr. GOODLING, and Mr. CASTLE) introduced the following bill; which was referred to the Committee on Education and the Workforce

A BILL

To provide for the implementation of recommendations of the National Commission on the Cost of Higher Education, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Tuition Reduction and
5 Information Act of 1998”.

6 **SEC. 2. IMPROVEMENTS IN MARKET INFORMATION AND**
7 **PUBLIC ACCOUNTABILITY IN HIGHER EDU-**
8 **CATION.**

9 (a) IMPROVED DATA COLLECTION.—

1 (1) DEVELOPMENT OF UNIFORM METHODOLOGY.—The Secretary shall convene a series of forums to develop a nationally uniform methodology for reporting costs incurred by postsecondary institutions in providing postsecondary education.

6 (2) SEPARATION OF UNDERGRADUATE AND GRADUATE COSTS.—Such uniform methodology shall permit the Secretary to collect and disseminate separate data with respect to the costs incurred in providing undergraduate and graduate postsecondary education.

12 (3) REDESIGN OF IPEDS.—On the basis of the methodology developed pursuant to paragraph (1), the Secretary shall redesign relevant parts of the integrated postsecondary education data system to improve the usefulness and timeliness of the data collected by such system.

18 (b) DATA DISSEMINATION.—The Secretary shall establish a system for the publication, in both printed and electronic form, of the data collected pursuant to subsection (a). Such data shall be available in a form that permits the review and comparison of the data submissions of individual institutions of higher education. Such data shall be presented in a form that is easily under-

1 standable and allows parents and students to make in-
2 formed decisions based on—

3 (1) tuition charges published by the institution;

4 (2) the institution’s cost of educating students
5 on a full-time equivalent basis;

6 (3) the general subsidy on a full-time equivalent
7 basis;

8 (4) instructional cost by level of instruction;

9 (5) the total price of attendance; and

10 (6) the average amount of per student financial
11 aid received, including and excluding assistance in
12 the form of loans.

13 **SEC. 3. REGULATORY REFORM.**

14 Title XII of the Higher Education Act of 1965 is
15 amended by adding at the end the following new section:

16 **“SEC. 1211. REGULATORY REFORM.**

17 “(a) BIENNIAL REVIEW OF REGULATIONS.—In every
18 even-numbered year (beginning with 1998), the Sec-
19 retary—

20 (1) shall review all regulations issued under
21 title IV of the Higher Education Act of 1965 in ef-
22 fect at the time of the review that apply to the oper-
23 ations or activities of any participant in those pro-
24 grams; and

1 (2) shall determine whether any such regulation
2 is no longer necessary in the public interest.

3 “(b) EFFECT OF DETERMINATION.—The Secretary
4 shall repeal, consolidate, simplify or otherwise modify any
5 regulation the Secretary determines to be no longer nec-
6 essary in the public interest.

7 “(c) REPORT TO CONGRESS.—The Secretary shall re-
8 port to the Congress any legislative changes necessary to
9 permit regulatory simplification under this section.”.

10 **SEC. 4. DIFFERENTIAL REGULATION.**

11 (a) GAO STUDY.—The Comptroller General shall
12 conduct a study of the extent to which unnecessary costs
13 are imposed on postsecondary education as a consequence
14 of the applicability to postsecondary facilities and equip-
15 ment of regulations prescribed for purposes of regulating
16 industrial and commercial enterprises.

17 (b) REPORT REQUIRED.—Within one year after the
18 date of enactment of this Act, the Comptroller General
19 shall submit a report to the Congress on the results of
20 the study required by subsection (a).

21 **SEC. 5. ANNUAL REPORT ON COST OF HIGHER EDUCATION.**

22 (a) GAO REPORT REQUIRED.—The Comptroller
23 General shall conduct an on-going analysis of the follow-
24 ing:

1 (1) The increase in tuition compared with other
2 commodities and services.

3 (2) Trends in college and university administra-
4 tive costs, including administrative staffing, ratio of
5 administrative staff to instructors, ratio of adminis-
6 trative staff to students, remuneration of adminis-
7 trative staff, and remuneration of college and univer-
8 sity presidents or chancellors.

9 (3) Trends in (A) faculty workload and remu-
10 nation (including the use of adjunct faculty), (B)
11 faculty-to-student ratios, (C) number of hours spent
12 in the classroom by faculty, and (D) tenure prac-
13 tices, and the impact of such trends on tuition.

14 (4) Trends in (A) the construction and renova-
15 tion of academic and other collegiate facilities, and
16 (B) the modernization of facilities to access and uti-
17 lize new technologies, and the impact of such trends
18 on tuition.

19 (5) The extent to which increases in institu-
20 tional financial aid and tuition discounting have af-
21 fected tuition increases, including the demographics
22 of students receiving such aid, the extent to which
23 such aid is provided to students with limited need in
24 order to attract such students to particular institu-
25 tions or major fields of study, and the extent to

(6) The extent to which Federal, State, and local laws, regulations, or other mandates contribute to increasing tuition, and recommendations on reducing those mandates.

(7) The establishment of a mechanism for a more timely and widespread distribution of data on tuition trends and other costs of operating colleges and universities.

11 (8) The extent to which student financial aid
12 programs have contributed to changes in tuition.

13 (9) Trends in State fiscal policies that have af-
14 fected college costs.

15 (10) Other related topics determined to be ap-
16 propriate by the Comptroller General.

(b) ANNUAL REPORT TO CONGRESS.—The Comptroller General shall submit to the Congress an annual report on the results of the analysis required by subsection (a).

20 SEC. 6. VOLUNTARY RETIREMENT INCENTIVE PLANS OR
21 ARRANGEMENTS.

(a) IN GENERAL.—Section 4 of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 623) is amended by adding at the end the following:

1 “(m) Notwithstanding subsection (f)(2)(B), it shall
2 not be a violation of subsection (a), (b), (c), (e), or (i)
3 solely because a plan of an institution of higher education
4 (as defined in section 1201(a) of the Higher Education
5 Act of 1965 (20 U.S.C. 1141(a))) offers employees who
6 are serving under a contract of unlimited tenure (or simi-
7 lar arrangement providing for unlimited tenure) additional
8 benefits upon voluntary retirement that are reduced or
9 eliminated on the basis of age, if—

10 “(1) such institution does not implement with
11 respect to such employees any age-based reduction
12 or elimination of benefits that are not such addi-
13 tional benefits, except as permitted by other provi-
14 sions of this Act; and

15 “(2) with respect to each of such employees
16 who have, as of the time the plan is adopted, at-
17 tained the minimum age and satisfied all non-age-
18 based conditions for receiving a benefit under the
19 plan, such employee is not precluded on the basis of
20 age from having 1 opportunity lasting not less than
21 180-days to elect to retire and to receive the maxi-
22 mum benefit that would be available to a younger
23 employee if such younger employee were otherwise
24 similarly situated to such employee.”.

25 (b) CONSTRUCTION.—

1 (1) APPLICATION.—Nothing in the amendment
 2 made by subsection (a) shall be construed to affect
 3 the application of section 4 of the Age Discrimina-
 4 tion in Employment Act of 1967 (29 U.S.C. 623)
 5 with respect to—

6 (A) any employer other than an institution
 7 of higher education (as defined in section
 8 1201(a) of the Higher Education Act of 1965);
 9 or

10 (B) any plan not described in subsection
 11 (m) of section 4 of such Act (as added by sub-
 12 section (a)).

13 (2) RELATIONSHIP TO PROVISIONS RELATING
 14 TO VOLUNTARY EARLY RETIREMENT INCENTIVE
 15 PLANS.—Nothing in the amendment made by sub-
 16 section (a) shall be construed to imply that a plan
 17 described in subsection (m) of section 4 of such Act
 18 (as added by subsection (a)) may not be considered
 19 to be a plan described in section 4(f)(2)(B)(ii) of
 20 such Act (29 U.S.C. 623(f)(2)(B)(ii)).

21 (c) EFFECTIVE DATE.—

22 (1) IN GENERAL.—This section shall take effect
 23 on the date of enactment of this Act.

24 (2) EFFECT ON CAUSES OF ACTION EXISTING
 25 BEFORE DATE OF ENACTMENT.—The amendment

1 made by subsection (a) shall not apply with respect
 2 to any cause of action arising under the Age Dis-
 3 crimination in Employment Act of 1967 prior to the
 4 date of enactment of this Act.

5 **SEC. 7. FUND FOR THE IMPROVEMENT OF POSTSECOND-**
 6 **ARY EDUCATION.**

7 (a) SPECIAL PROJECTS.—Section 1011 of the Higher
 8 Education Act of 1965 (20 U.S.C. 1035a–11) is amend-
 9 ed—

10 (1) by striking paragraphs (1), (2), and (3) of
 11 subsection (c) and inserting the following:

12 “(1) institutional restructuring to improve
 13 learning and promote productivity, efficiency, quality
 14 improvement, and cost and price control;

15 “(2) articulation agreements between two-year
 16 and four-year institutions;

17 “(3) evaluation and dissemination of model pro-
 18 grams; and

19 “(4) international cooperation and student ex-
 20 change among postsecondary educational institu-
 21 tions.”; and

22 (2) by striking subsection (d).

23 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
 24 1004 of such Act (20 U.S.C. 1035a-3) is amended to read
 25 as follows:

1 **“SEC. 1004. AUTHORIZATION OF APPROPRIATIONS.**

2 “There are authorized to be appropriated to carry out
3 this part \$30,000,000 for fiscal year 1999 and such sums
4 as may be necessary for each of the 4 succeeding fiscal
5 years.”.

6 **SEC. 8. PERFORMANCE-BASED ORGANIZATION FOR THE**
7 **DELIVERY OF FEDERAL STUDENT FINANCIAL**
8 **ASSISTANCE.**

9 Title I (as amended by part A of this title) is amend-
10 ed—

11 (1) by striking “TITLE I—GENERAL PRO-
12 VISIONS” and inserting the following:

13 **“TITLE I—GENERAL AND**
14 **ADMINISTRATIVE PROVISIONS**

15 **“PART A—GENERAL PROVISIONS”;**

16 and

17 (2) by adding at the end the following new part:

18 **“PART B—ADMINISTRATIVE PROVISIONS FOR**
19 **DELIVERY OF STUDENT FINANCIAL ASSISTANCE**

20 **“SEC. 131. PERFORMANCE-BASED ORGANIZATION FOR THE**
21 **DELIVERY OF FEDERAL STUDENT FINANCIAL**
22 **ASSISTANCE.**

23 “(a) ESTABLISHMENT AND PURPOSE.—

24 “(1) ESTABLISHMENT.—There is established in
25 the Department a Performance-Based Organization
26 (hereafter referred to as the ‘PBO’) which shall be

1 a discrete management unit responsible for manag-
2 ing the information systems supporting the pro-
3 grams authorized under title IV of this Act, as speci-
4 fied in subsection (b).

5 “(2) PURPOSES.—The purposes of the PBO
6 are—

7 “(A) to improve the level of service to stu-
8 dents and participants in the programs;

9 “(B) to reduce the costs of administering
10 the Federal student financial assistance pro-
11 grams authorized under title IV;

12 “(C) to increase the accountability of the
13 officials responsible for administering the oper-
14 ational aspects of these programs;

15 “(D) to provide greater flexibility in the
16 management of the operational functions of the
17 Federal student financial assistance programs;

18 “(E) to integrate the information systems
19 supporting the Federal student financial assist-
20 ance programs; and

21 “(F) to implement an open, common, inte-
22 grated system for the delivery of student finan-
23 cial assistance under title IV.

24 “(b) AUTHORITY.—

1 “(1) AUTHORITY OF SECRETARY.— Notwith-
2 standing any other provision of this Act, the Sec-
3 retary shall maintain responsibility for the develop-
4 ment and promulgation of policy relating to the pro-
5 grams of student financial assistance under title IV.
6 In the exercise of its functions, the PBO shall be
7 subject to the direction of the Secretary. The Sec-
8 retary shall—

9 “(A) request the advice of, and work in co-
10 operation with, the Chief Operating Officer in
11 developing regulations, policies, administrative
12 guidance, or procedures affecting the informa-
13 tion systems administered by the PBO, and
14 other functions performed by the PBO;

15 “(B) request cost estimates from the Chief
16 Operating Officer for system changes required
17 by specific policies proposed by the Secretary;

18 “(C) consider the Chief Operating Officer’s
19 comments and estimates prior to finalizing such
20 regulations, policies, administrative guidance, or
21 procedures;

22 “(D) assist the Chief Operating Officer in
23 identifying goals for the administration and
24 modernization of the delivery system for stu-
25 dent financial assistance under title IV; and

1 “(E) if necessary, arrange for additional
2 funding to ensure that the PBO can efficiently
3 perform its functions.

4 “(2) FUNCTIONS.—The PBO shall carry out
5 the following functions:

6 “(A) All aspects of contracting for the data
7 and information systems supporting student fi-
8 nancial assistance under title IV, including the
9 operational administration of the William D.
10 Ford Federal Direct Loan Program, but not in-
11 cluding the development of policy relating to
12 such programs.

13 “(B) The administrative, accounting, and
14 financial management functions of the delivery
15 system for Federal student assistance, includ-
16 ing—

17 “(i) the collection, processing and
18 transmission of applicant data to students,
19 institutions and authorized third parties,
20 as provided for in section 483;

21 “(ii) technical specifications for soft-
22 ware development and systems supporting
23 the delivery of student financial assistance
24 under title IV;

1 “(iii) information technology and sys-
2 tems infrastructure related to the delivery
3 and management of student financial as-
4 sistance under title IV;

5 “(iv) all software and hardware acqui-
6 sitions and all information technology con-
7 tracts related to the delivery and manage-
8 ment of student financial assistance under
9 title IV; and

10 “(v) all customer service, training and
11 user support related to the functions de-
12 scribed in clauses (i) through (iv).

13 “(C) Annual development of a budget for
14 the operations and services of the PBO, in con-
15 sultation with the Secretary, and for consider-
16 ation and inclusion in the Department’s annual
17 budget submission.

18 “(D) Annual development of goals, in con-
19 sultation with the Secretary, for the administra-
20 tion and modernization of the system for deliv-
21 ery of student financial assistance under title
22 IV.

23 “(E) Other functions proposed by the Sec-
24 retary, and agreed to by the Chief Operating

1 Officer as are not inconsistent with the func-
2 tions of the PBO.

3 “(3) INDEPENDENCE.—In carrying out its
4 functions, the PBO shall exercise independent con-
5 trol of its budget allocations and expenditures, per-
6 sonnel decisions and processes, procurements, and
7 other administrative and management functions.

8 “(4) REVIEW OF PBO.—The PBO shall be sub-
9 ject to the usual and customary Federal audit proce-
10 dures, and be subject to review by the Inspector
11 General of the Department.

12 “(c) AUTHORIZATION OF APPROPRIATIONS.—For the
13 purpose of funding the administrative costs incurred by
14 the PBO in administering systems supporting programs
15 under this part, there are authorized to be appropriated
16 such sums as may be necessary for fiscal year 1999 and
17 each of the 4 succeeding fiscal years, except that funds
18 authorized under section 458 shall be made available to
19 the PBO by the Secretary for administrative costs author-
20 ized to be funded under that section.

21 “(d) ORGANIZATIONAL REPORTS.—

22 “(1) PERFORMANCE PLAN.—Within 6 months
23 of the hiring of the Chief Operating Officer, and
24 every 12 months thereafter, the Secretary and the
25 Chief Operating Officer of the Department shall de-

1 develop a performance plan for the PBO that estab-
2 lishes measurable goals and objectives for the orga-
3 nization. In developing this performance plan, the
4 Secretary and the Chief Operating Officer shall con-
5 sult with the Committee on Education and the
6 Workforce of the House of Representatives, the
7 Committee on Labor and Human Resources of the
8 Senate, and the Advisory Committee on Student Fi-
9 nancial Assistance. The performance plan shall in-
10 clude a concise statement of goals for a modernized
11 system for the delivery of student financial assist-
12 ance under title IV and identify action steps nec-
13 essary to achieve such goals. Such goals shall be
14 used in evaluating the performance of the Chief Op-
15 erating Officer and the PBO pursuant to paragraph
16 (2).

17 “(2) ANNUAL ACCOUNTABILITY REPORT.—The
18 Chief Operating Officer shall prepare and submit an
19 annual accountability report to the Secretary and
20 the Committee on Education and the Workforce of
21 the House of Representatives and the Committee on
22 Labor and Human Resources of the Senate. The ac-
23 countability report shall include—

1 “(A) an independent financial audit of the
2 expenditures of both the PBO and programs
3 administered by it;

4 “(B) financial and performance require-
5 ments applicable to the PBO under the Chief
6 Financial Officer Act of 1990 and the Govern-
7 ment Performance and Results Act of 1993;

8 “(C) the results achieved by the PBO dur-
9 ing the year relative to the goals established in
10 the organization’s performance plan;

11 “(D) the results of the evaluations of per-
12 formance of the Chief Operating Officer and
13 senior managers under subsections (e)(2) and
14 (f)(2), including the amounts of bonus com-
15 pensation awarded to these individuals;

16 “(E) a discussion of the effectiveness of co-
17 ordination between the PBO and the Secretary;

18 “(F) recommendations for legislative and
19 regulatory changes to improve service to stu-
20 dents and their families, and to or improve pro-
21 gram efficiency and integrity; and

22 “(G) other such information as the Direc-
23 tor of the Office of Management and Budget
24 shall prescribe for performance based organiza-
25 tions.

1 “(e) CHIEF OPERATING OFFICER.—

2 “(1) IN GENERAL.—The management of the
3 PBO shall be vested in a Chief Operating Officer
4 who shall be appointed by the Secretary to a 5-year
5 term and compensated without regard to chapters
6 33, 51, and 53 of title 5, United States Code. The
7 Secretary shall appoint the Chief Operating Officer
8 within 6 months of the date of enactment of this
9 part. The Secretary shall consult with the Chairmen
10 of the Committee on Education and the Workforce
11 of the House of Representatives and the Committee
12 on Labor and Human Resources of the Senate prior
13 to making an appointment. The appointment shall
14 be made on the basis of demonstrated management
15 ability and expertise in information technology, in-
16 cluding extensive experience in the financial services
17 industry, and without regard to political affiliation
18 or activity. The Secretary may reappoint the Chief
19 Operating Officer to subsequent terms so long as the
20 performance of the Chief Operating Officer, as set
21 forth in the performance agreement, is satisfactory
22 or better. The Chief Operating Officer may be re-
23 moved by—

24 “(A) the President; or

1 “(B) the Secretary, for misconduct or fail-
2 ure to meet performance goals set forth in the
3 performance agreement in paragraph (2).

4 The President or Secretary shall communicate the
5 reasons for any such removal to the appropriate
6 committees of Congress.

7 “(2) PERFORMANCE AGREEMENT.—The Sec-
8 retary and the Chief Operating Officer shall enter
9 into an annual performance agreement which shall
10 set forth measurable organization and individual
11 goals for the Chief Operating Officer in key oper-
12 ational areas. The agreement shall be subject to re-
13 view and renegotiation at the end of each term. The
14 final agreement shall be transmitted to the Commit-
15 tee on Education and the Workforce of the House
16 of Representatives and the Committee on Labor and
17 Human Resources of the Senate, and made publicly
18 available.

19 “(3) COMPENSATION.—The Chief Operating
20 Officer is authorized to be paid at an annual rate of
21 basic pay not to exceed the maximum rate of basic
22 pay for the Senior Executive Service under section
23 5382 of title 5, United States Code, including any
24 applicable locality-based comparability payment that
25 may be authorized under section 5304(h)(2)(B) of

1 such title 5. In addition, the Chief Operating Officer
2 may receive a bonus in an amount up to, but not
3 in excess of, 50 percent of such annual rate of basic
4 pay, based upon the Secretary's evaluation of the
5 Chief Operating Officer's performance in relation to
6 the performance goals set forth in the performance
7 agreement described in paragraph (2). Payment of
8 a bonus under this paragraph may be made to the
9 Chief Operating Officer only to the extent that such
10 payment does not cause the Chief Operating Offi-
11 cer's total aggregate compensation in a calendar
12 year to equal or exceed the amount of the Presi-
13 dent's salary under section 102 of title 3, United
14 States Code.

15 “(f) SENIOR MANAGEMENT.—

16 “(1) IN GENERAL.—The Chief Operating Offi-
17 cer may appoint up to 5 senior managers as may be
18 necessary without regard to the provisions of title 5,
19 United States Code, governing appointments in the
20 competitive service, and who may be paid without re-
21 gard to the provisions of chapter 51 and subchapter
22 III of chapter 53 of such title relating to classifica-
23 tion and General Schedule pay rates.

24 “(2) PERFORMANCE AGREEMENT.—The Chief
25 Operating Officer shall enter into an annual per-

1 performance agreement with each senior manager ap-
2 pointed under this subsection which shall set forth
3 measurable organization and individual goals in key
4 operational areas. The agreement shall be subject to
5 review and renegotiation at the end of each term.

6 “(3) COMPENSATION.—The Chief Operating
7 Officer is authorized to pay senior managers at an
8 annual rate of basic pay not to exceed 75 percent of
9 the maximum rate of basic pay for the Senior Exec-
10 utive Service under section 5382 of title 5, United
11 States Code, including any applicable locality-based
12 comparability payment that may be authorized
13 under section 5304(h)(2)(C) of such title 5. In addi-
14 tion, a senior manager may receive a bonus in an
15 amount up to, but not in excess of, 50 percent of
16 such annual rate of basic pay, based upon the Chief
17 Operating Officer’s evaluation of the manager’s per-
18 formance in relation to the performance goals set
19 forth in the performance agreement described in
20 paragraph (2).

21 “(g) PERSONNEL FLEXIBILITY.—

22 “(1) PERSONNEL CEILINGS.—The PBO shall
23 not be subject to any ceiling relating to the number
24 or grade of employees.

1 “(2) ADMINISTRATIVE FLEXIBILITY.—The
2 Chief Operating Officer shall work with the Office of
3 Personnel Management to develop and implement
4 personnel flexibilities in staffing, classification, and
5 pay that meet the needs of the PBO, subject to com-
6 pliance with title 5, United States Code.

7 “(h) ESTABLISHMENT OF A FAIR AND EQUITABLE
8 SYSTEM FOR MEASURING STAFF PERFORMANCE.—The
9 PBO shall establish an annual performance management
10 system, subject to compliance with title 5, United States
11 Code and consistent with applicable provisions of law and
12 regulations, which strengthens the organizational effec-
13 tiveness of the PBO by providing for establishing goals
14 or objectives for individual, group, or organizational per-
15 formance (or any combination thereof), consistent with the
16 performance plan of the PBO and its performance plan-
17 ning procedures, including those established under the
18 Government Performance and Results Act of 1993, and
19 communicating such goals or objectives to employees.

20 “(i) PROCUREMENT FLEXIBILITY.—

21 “(1) IN GENERAL.—Except as provided in this
22 subsection, the PBO shall abide by all applicable
23 Federal procurement laws and regulations when pro-
24 curing property and services. The PBO shall—

1 “(A) enter into contracts for information
2 systems supporting the programs authorized
3 under title IV to carry out the functions set
4 forth in subsection (b)(2); and

5 “(B) obtain the services of experts and
6 consultants without regard to section 3109 of
7 title 5, United States Code, and set pay in ac-
8 cordance with such section.

9 “(2) PERFORMANCE BASED SERVICING CON-
10 TRACTS.—The Chief Operating Officer shall, to the
11 extent practicable, maximize the use of performance
12 based servicing contracts, consistent with guidelines
13 for such contracts published by the Office of Federal
14 Procurement Policy, to achieve cost savings and im-
15 prove service.

16 “(3) FEE FOR SERVICE ARRANGEMENTS.—The
17 Chief Operating Officer shall, to the extent prac-
18 ticable and consistent with the purpose of the PBO,
19 utilize services available outside of the Federal Gov-
20 ernment in the delivery of Federal student financial
21 assistance. To achieve this purpose, the PBO is au-
22 thorized to pay fees to an organization that are
23 equivalent to those paid by other entities for such
24 services, if the Chief Operating Officer determines
25 that such organization currently provides an infor-

1 mation system or service that meets the require-
2 ments of the PBO.

3 “(j) FOCUS GROUPS.—To facilitate information shar-
4 ing and customer involvement, the Chief Operating Officer
5 may establish focus groups composed of students, institu-
6 tions, and other participants in the programs authorized
7 by title IV to provide advice on student aid delivery mat-
8 ters.

9 **“SEC. 132. ADMINISTRATIVE SIMPLIFICATION OF STUDENT**
10 **AID DELIVERY.**

11 “(a) IN GENERAL.—The Secretary and the Chief Op-
12 erating Officer shall improve the efficiency and effective-
13 ness of the student aid delivery system by encouraging and
14 participating in the establishment of voluntary consensus
15 standards and requirements for the electronic trans-
16 mission of information necessary for the administration of
17 programs under title IV.

18 “(b) ADOPTION OF VOLUNTARY CONSENSUS STAND-
19 ARDS.—Except with respect to the common financial re-
20 porting form under section 483(a), the Secretary shall
21 adopt voluntary consensus standards for transactions re-
22 quired under title IV, and common data elements for such
23 transactions, to enable information to be exchanged elec-
24 tronically between systems administered by the Depart-

1 ment and among participants in the Federal student aid
2 delivery system.

3 “(c) REQUIREMENTS FOR ADOPTION OF VOLUNTARY
4 CONSENSUS STANDARDS.—Any voluntary consensus
5 standard adopted under this section shall—

6 “(1) be a standard that has been developed,
7 adopted, or modified by a standard setting organiza-
8 tion that is open to the participation of the various
9 entities engaged in the delivery of Federal student
10 financial assistance; and

11 “(2) be consistent with the objective of reducing
12 the administrative costs of delivering student finan-
13 cial assistance under title IV.

14 “(d) PARTICIPATION IN STANDARD SETTING ORGA-
15 NIZATIONS.—

16 “(1) The Chief Operating Officer shall partici-
17 pate in the activities of standard setting organiza-
18 tions in carrying out the provisions of this section.

19 “(2) The Chief Operating Officer shall encour-
20 age higher education groups seeking to develop com-
21 mon forms, standards, and procedures in support of
22 the delivery of Federal student financial assistance
23 to conduct these activities within a standard setting
24 organization.

1 “(3) The Chief Operating Officer may pay nec-
 2 essary dues and fees associated with participating in
 3 standard setting organizations pursuant to this sub-
 4 section from funds available under subsection (j).

5 “(e) PROCEDURES FOR ADOPTION AND IMPLEMEN-
 6 TATION OF VOLUNTARY CONSENSUS STANDARDS.—In
 7 adopting voluntary consensus standards and implementa-
 8 tion timetables under this section, including modifications
 9 of existing standards, the Secretary shall follow the proce-
 10 dures for negotiated rulemaking in section 492.

11 “(f) INITIAL VOLUNTARY CONSENSUS STANDARDS
 12 TO BE ADOPTED.—Through coordinated participation be-
 13 tween the Chief Operating Officer and standard setting
 14 organizations, the initial standards adopted by the Sec-
 15 retary shall include the following:

16 “(1) ELECTRONIC PERSONAL IDENTIFIER NUM-
 17 BER.—The Secretary shall adopt standards for a
 18 single electronic personal identifier number for stu-
 19 dents receiving assistance under title IV.

20 “(2) ELECTRONIC SIGNATURE.—The Secretary,
 21 in coordination with the Secretary of Commerce,
 22 shall adopt standards specifying procedures for the
 23 electronic transmission and authentication of signa-
 24 tures with respect to transactions requiring a signa-
 25 ture under title IV.

1 “(3) SINGLE INSTITUTIONAL IDENTIFIER.—The
2 Secretary shall adopt standards for a single identi-
3 fier for eligible institutions under title IV.

4 “(g) USE OF CLEARINGHOUSES.—Nothing in this
5 section shall restrict the ability of participating institu-
6 tions and lenders from using a clearinghouse to comply
7 with the standards for the exchange of information estab-
8 lished under this section.

9 “(h) APPLICABILITY TO CURRENT SYSTEMS.—

10 “(1) GENERAL RULE.—Except as provided in
11 paragraphs (2) and (3), this section shall apply to
12 all Department of Education information systems
13 supporting the delivery of programs under title IV
14 no later than 12 months from the date of enactment
15 of this part.

16 “(2) NATIONAL STUDENT LOAN DATA SYS-
17 TEM.—This section shall apply to sections 485B(e)
18 and (f) no later than 18 months after the date of
19 enactment of this part.

20 “(3) INTEGRATED POSTSECONDARY EDUCATION
21 DATA SYSTEM.—The Secretary shall coordinate the
22 adoption of voluntary consensus standards under
23 this section to ensure that standards are compatible
24 with the integrated postsecondary education data
25 system (IPEDS).

1 “(i) DATA SECURITY.—Any entity that maintains or
2 transmits information under a transaction covered by this
3 section shall maintain reasonable and appropriate admin-
4 istrative, technical, and physical safeguards—

5 “(1) to ensure the integrity and confidentiality
6 of the information; and

7 “(2) to protect against any reasonably antici-
8 pated security threats, or unauthorized uses or dis-
9 closures of the information.

10 “(j) AUTHORIZATION OF APPROPRIATIONS.—There
11 are authorized to be appropriated in any fiscal year or
12 made available from funds appropriated to carry out ac-
13 tivities in this section in any fiscal year such sums as may
14 be necessary to carry out the provisions of this section,
15 except that if no funds are appropriated pursuant to this
16 subsection, the Secretary shall make funds available to
17 carry out this section from amounts appropriated for the
18 operations and expenses of the Department of Education.

19 “(k) DEFINITIONS.—For purposes of this section:

20 “(1) The term ‘voluntary consensus standard’
21 means a standard developed or used by a standard
22 setting organization accredited by the American Na-
23 tional Standards Institute.

24 “(2) The term ‘standard setting organization’
25 means a standard setting organization accredited by

1 the American National Standards Institute that de-
2 velops standards for information transactions, data
3 elements, or any other standard that is necessary to,
4 or will facilitate, the implementation of this section.

5 “(3) For purposes of this section, the term
6 ‘clearinghouse’ means a public or private entity that
7 processes or facilitates the processing of non-
8 standard data elements into data elements conform-
9 ing to standards adopted under this section.”.

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